

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 20048
[Redacted],)	
)	DECISION
Petitioners.)	
_____)	

On January 18, 2007, the Tax Discovery Bureau (TDB) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NOD) to [Redacted] (petitioners) proposing income tax, penalty, and interest for the taxable years 1998, 1999, 2000, 2001, 2002, 2003, 2004, and 2005 in the total amount of \$38,867.

A timely protest and petition for redetermination was filed by the petitioners. An informal hearing has not been requested by the petitioners. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision modifying the NOD.

The petitioners failed to file individual or business tax returns every year they have lived in Idaho and have resided in Idaho since 1991. The petitioners registered two corporations with the Idaho Secretary of State during that time period.

The petitioners registered [Redacted] with the Idaho Secretary of State from August 1993 through November 2003. This corporation did not file any business returns. A mortgage refinancing application completed by [Redacted] dated March 21, 1997, indicated he had a monthly income of \$6,000, yearly income of \$72,000, and worked three years with this company.

The petitioners registered [Redacted] with the Idaho Secretary of State beginning January 2003. This corporation has not filed any income tax returns. The corporation does have an Idaho income tax withholding permit. The petitioners are listed as vice president and president of this corporation. The petitioners have received wages from this corporation since 2003.

A letter was sent to the county assessor's office requesting information about the property owned by the petitioners and their voter registration records. The petitioners began receiving a homeowners' exemption on May 15, 1991. Voter registration cards were signed by the petitioners on August 22, 1991.

The petitioners failed to file their 1998, 1999, 2000, 2001, 2002, 2003, 2004, and 2005 individual income tax returns. On November 1, 2005, and October 16, 2006, the TDB sent a letter with a questionnaire to the petitioners to help the Commission properly determine the petitioners' filing requirement. [Redacted] In the petitioners' protest letter received by fax on March 20, 2007, [Redacted] stated that the NOD did not include his eight children to which he wants an exemption for each of them, the tithing he paid to his church which is a charitable deduction, and his withholding. [Redacted] disagreed with the estimate of his income using his mortgage interest payments. [Redacted] also stated that he inherited quite a sum of money but admitted he needed to file for tax years 2003, 2004, and 2005.

The TDB sent the petitioners a letter dated March 20, 2007, which requested they send their 1998 through 2005 income tax returns by May 1, 2007. The petitioners did not respond to this letter.

Attempts were made to retrieve the petitioners' withholding information filed with the Commission by their employers. The only W-2s filed by the petitioners' employers were for the 2003 tax year. The NOD will be adjusted for the income tax withheld.

The petitioners stated that they were entitled to exemptions for their children. In a letter to the petitioners, the Commission requested a copy of their federal income tax return for each year in order to verify their claim. The petitioners did not respond to this letter.

On June 21, 2007, the Tax Policy Specialist (policy specialist) sent the petitioners a letter to inform them of the alternatives for redetermining a protested NOD. A follow-up letter was sent to the petitioners on August 8, 2007. The petitioners did not respond to either letter.

The petitioners have not provided the Commission with information to establish that the amounts asserted in the NOD, as adjusted, are incorrect. As a result, the Commission will uphold the NOD, as adjusted. A determination of the State Tax Commission is presumed to be correct. *Albertson's, Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). The burden is on the petitioners to show that the deficiency is erroneous. *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2 (Ct. App. 1986).

[Redacted]. The petitioners have not provided the Commission with a contrary result to the determination of their income [Redacted]. Therefore, the Commission must uphold the deficiency as modified.

WHEREFORE, the Notice of Deficiency Determination dated January 18, 2007, as MODIFIED, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the petitioners pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1998	\$ 1,546	\$ 387	\$ 964	\$ 2,897
1999	2,298	575	1,266	4,139
2000	2,574	644	1,211	4,429
2001	2,444	611	964	4,019
2002	1,695	424	560	2,679
2003	605	151	167	923
2004	7,297	1,824	1,582	10,703
2005	7,236	1,809	1,132	<u>10,177</u>
			TOTAL DUE	<u>\$39,966</u>

Interest is computed through August 16, 2008.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the petitioner's right to appeal this decision is enclosed.

DATED this _____ day of _____, 2008.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2008, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.
